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(Original Signature of Member)

109TH CONGRESS
2^D SESSION

H. R. _____

To amend title 18, United States Code, to expand and modernize the prohibition against interstate gambling, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GOODLATTE (for himself and Mr. BOUCHER) introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title 18, United States Code, to expand and modernize the prohibition against interstate gambling, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Internet Gambling
5 Prohibition Act”.



1 **SEC. 2. DEFINITIONS.**

2 Section 1081 of title 18, United States Code, is
3 amended—

4 (1) by designating the five undesignated para-
5 graphs that begin with “The term” as paragraphs
6 (1) through (5), respectively;

7 (2) in paragraph (5), as so designated—

8 (A) by striking “wire communication” and
9 inserting “communication”;

10 (B) by inserting “satellite, microwave,”
11 after “cable,”; and

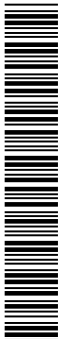
12 (C) by inserting “(whether fixed or mo-
13 bile)” after “connection”; and

14 (3) by adding at the end the following:

15 “(6) The term ‘bets or wagers’—

16 “(A) means the staking or risking by any
17 person of something of value upon the outcome
18 of a contest of others, a sporting event, or a
19 game predominantly subject to chance, upon an
20 agreement or understanding that the person or
21 another person will receive something of greater
22 value than the amount staked or risked in the
23 event of a certain outcome;

24 “(B) includes the purchase of a chance or
25 opportunity to win a lottery or other prize



1 (which opportunity to win is predominantly sub-
2 ject to chance); and

3 “(C) does not include—

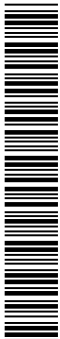
4 “(i) a bona fide business transaction
5 governed by the securities laws (as that
6 term is defined in section 3(a)(47) of the
7 Securities Exchange Act of 1934 (15
8 U.S.C. 78c(a)(47))) for the purchase or
9 sale at a future date of securities (as that
10 term is defined in section 3(a)(10) of the
11 Securities Exchange Act of 1934 (15
12 U.S.C. 78c(a)(10)));

13 “(ii) a transaction on or subject to the
14 rules of a contract market designated pur-
15 suant to section 5 of the Commodity Ex-
16 change Act (7 U.S.C. 7) or to any trans-
17 action subject to an exemption pursuant to
18 section 4(c) of such Act;

19 “(iii) any over-the-counter derivative
20 instrument;

21 “(iv) a contract of indemnity or guar-
22 antee;

23 “(v) a contract for life, health, or ac-
24 cident insurance;



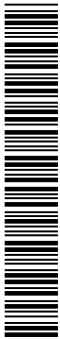
1 “(vi) participation in any game or
2 contest in which participants do not stake
3 or risk anything of value other than—

4 “(I) personal efforts of the par-
5 ticipants in playing the game or con-
6 test or obtaining access to the Inter-
7 net; or

8 “(II) point or credits that the
9 sponsor of the game or contest pro-
10 vides to participants free of charge
11 and that can be used or redeemed
12 only for participation in games or con-
13 tests offered by the sponsor; or

14 “(vii) participation in any simulation
15 sports game or educational game or con-
16 test in which (if the game or contest in-
17 volves a team or teams) all teams are fic-
18 tional and no team is a member of an
19 amateur or professional sports organiza-
20 tion (as those terms are defined in section
21 3701 of title 28) and that meets the fol-
22 lowing conditions:

23 “(I) All prizes and awards of-
24 fered to winning participants are es-
25 tablished and made known to the par-



1 participants in advance of the game or
2 contest and their value is not deter-
3 mined by the number of participants
4 or the amount of any fees paid by
5 those participants.

6 “(II) All winning outcomes re-
7 flect the relative knowledge and skill
8 of the participants and are determined
9 predominantly by accumulated statis-
10 tical results of the performance of in-
11 dividuals (athletes in the case of
12 sports events) in multiple real-world
13 sporting or other events.

14 “(III) No winning outcome is
15 based—

16 “(aa) on the score, point-
17 spread or any performance or
18 performances of any single real-
19 world team or any combination of
20 such teams; or

21 “(bb) solely on any single
22 performance of an individual ath-
23 lete in any single real-world
24 sporting or other event.



1 “(7) The term ‘foreign jurisdiction’ means a ju-
2 risdiction of a foreign country or political subdivision
3 thereof.

4 “(8) The term ‘gambling business’ means a
5 business of betting or wagering;

6 “(9) The term ‘information assisting in the
7 placing of bets or wagers’ means information know-
8 ingly transmitted by an individual in a gambling
9 business for use in placing, receiving, making, or
10 otherwise enabling or facilitating a bet or wager and
11 does not include—

12 “(A) any posting or reporting of any edu-
13 cational information on how to make a legal bet
14 or wager or the nature of betting or wagering,
15 as long as such posting or reporting does not
16 solicit or provide information for the purpose of
17 facilitating or enabling the placing or receipt of
18 bets or wagers in a jurisdiction where such bet-
19 ting is illegal; or

20 “(B) advertising relating to betting or wa-
21 gering in a jurisdiction where such betting or
22 wagering is legal, as long as such advertising
23 does not solicit or provide information for the
24 purpose of facilitating or enabling the placing



1 or receipt of bets or wagers in a jurisdiction
2 where such betting is illegal.

3 “(10) The term ‘person’ includes a government
4 (including any governmental entity (as defined in
5 section 3701(2) of title 28)).

6 “(11) The term ‘State’ means a State of the
7 United States, the District of Columbia, or a com-
8 monwealth, territory, or possession of the United
9 States.

10 “(12) The terms ‘credit’, ‘creditor’, and ‘credit
11 card’ have the meanings given such terms in section
12 103 of the Truth in Lending Act.

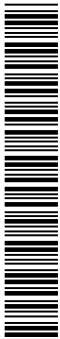
13 “(13) The term ‘electronic fund transfer’—

14 “(A) has the meaning given such term in
15 section 903 of the Electronic Fund Transfer
16 Act; or

17 “(B) any fund transfer covered by Article
18 4A of the Uniform Commercial Code, as in ef-
19 fect in any State.

20 “(14) The term ‘financial institution’ has the
21 meaning given such term in section 903 of the Elec-
22 tronic Fund Transfer Act.

23 “(15) The term ‘insured depository
24 institution’—



1 “(A) has the same meaning as in section
2 3(e) of the Federal Deposit Insurance Act; and

3 “(B) includes any insured credit union (as
4 defined in section 101 of the Federal Credit
5 Union Act).

6 “(16) The terms ‘money transmitting business’
7 and ‘money transmitting service’ have the meanings
8 given such terms in section 5330(d) of title 31,
9 United States Code.

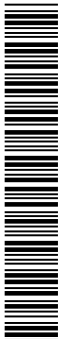
10 “(17) The terms ‘own or control’ and to be
11 ‘owned or controlled’ have the same meanings as in
12 section 2(a)(2) of the Bank Holding Company Act
13 of 1956.

14 “(18) The term ‘Secretary’ means the Secretary
15 of the Treasury.

16 “(19) The term ‘Tribe’ or ‘tribal’ means an In-
17 dian tribe, as defined under section 4(5) of the In-
18 dian Gaming Regulatory Act of 1988).”.

19 **SEC. 3. MODIFICATION OF EXISTING PROHIBITION.**

20 Section 1084 of title 18, United States Code, is
21 amended to read as follows:



1 **“§ 1084. Use of a communication facility to transmit**
2 **bets or wagers; penalties**

3 “(a) Except as otherwise provided in this section,
4 whoever, being engaged in a gambling business, knowingly
5 uses a communication facility—

6 “(1) for the transmission in interstate or for-
7 eign commerce, within the special maritime and ter-
8 ritorial jurisdiction of the United States, or to or
9 from any place outside the jurisdiction of any nation
10 with respect to any transmission to or from the
11 United States, of bets or wagers, or information as-
12 sisting in the placing of bets or wagers; or

13 “(2) for the transmission of a communication in
14 interstate or foreign commerce, within the special
15 maritime and territorial jurisdiction of the United
16 States, or to or from any place outside the jurisdic-
17 tion of any nation with respect to any transmission
18 to or from the United States, which entitles the re-
19 cipient to receive money or credit as a result of bets
20 or wagers, or for information assisting in the placing
21 of bets or wagers;

22 shall be fined under this title or imprisoned not more than
23 five years, or both.

24 “(b) Except as otherwise provided in this section,
25 whoever, being engaged in a gambling business, knowingly
26 accepts, in connection with the transmission of a commu-



1 ication in interstate or foreign commerce, within the spe-
2 cial maritime and territorial jurisdiction of the United
3 States, or to or from any place outside the jurisdiction
4 of any nation with respect to any transmission to or from
5 the United States of bets or wagers or information assist-
6 ing in the placing of bets or wagers—

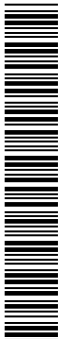
7 “(1) credit, or the proceeds of credit, extended
8 to or on behalf of another (including credit extended
9 through the use of a credit card);

10 “(2) an electronic fund transfer or funds trans-
11 mitted by or through a money transmitting business,
12 or the proceeds of an electronic fund transfer or
13 money transmitting service, from or on behalf of the
14 other person;

15 “(3) any check, draft, or similar instrument
16 which is drawn by or on behalf of the other person
17 and is drawn on or payable through any financial in-
18 stitution; or

19 “(4) the proceeds of any other form of financial
20 transaction as the Secretary of the Treasury may
21 prescribe by regulation which involves a financial in-
22 stitution as a payor or financial intermediary on be-
23 half of or for the benefit of the other person,

24 shall be fined under this title or imprisoned not more than
25 five years, or both.



1 “(c) Nothing in this section prohibits—

2 “(1) the transmission of information assisting
3 in the placing of bets or wagers for use in news re-
4 porting if such transmission does not solicit or pro-
5 vide information for the purpose of facilitating or
6 enabling the placing or receipt of bets or wagers in
7 a jurisdiction where such betting is illegal;

8 “(2) the transmission of information assisting
9 in the placing of bets or wagers from a State or for-
10 eign country where such betting or wagering is per-
11 mitted under Federal, State, tribal, or local law into
12 a State or foreign country in which such betting on
13 the same event is permitted under Federal, State,
14 tribal, or local law; or

15 “(3) the interstate transmission of information
16 relating to a State-specific lottery between a State or
17 foreign country where such betting or wagering is
18 permitted under Federal, State, tribal, or local law
19 and an out-of-State data center for the purposes of
20 assisting in the operation of such State-specific lot-
21 tery.

22 “(d) Nothing in this section prohibits the use of a
23 communication facility for the transmission of bets or wa-
24 gers or information assisting in the placing of bets or wa-
25 gers, if—

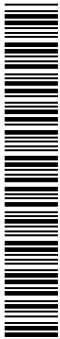


1 “(1) at the time the transmission occurs, the
2 individual or entity placing the bets or wagers or in-
3 formation assisting in the placing of bets or wagers,
4 the gambling business, and any facility or support
5 service processing those bets or wagers is physically
6 located in the same State, and the State has a se-
7 cure and effective customer verification and age ver-
8 ification system to assure compliance with age and
9 residence requirements, and for class II or class III
10 gaming under the Indian Gaming Regulatory Act,
11 are physically located on Indian lands within that
12 State;

13 “(2) the State or Tribe has explicitly authorized
14 such bets and wagers;

15 “(3) the State has explicitly authorized and li-
16 censed the operation of the gambling business, any
17 facility processing the bets and wagers, and the sup-
18 port service within its borders or the Tribe has ex-
19 plicitly authorized and licensed the operation of such
20 gambling business, any facility processing the bets
21 and wagers, and the support service on Indian lands
22 within its jurisdiction;

23 “(4) with respect to class II or class III gam-
24 ing, the game is permitted under and conducted in
25 accordance with the Indian Gaming Regulatory Act;



1 “(5) with respect to class III gaming under the
2 Indian Gaming Regulatory Act, the game is author-
3 ized under, and is conducted in accordance with, the
4 respective Tribal-State compact of the Tribe having
5 jurisdiction over the Indian lands where the indi-
6 vidual or entity placing the bets or wagers or infor-
7 mation assisting in the placing of bets or wagers, the
8 gambling business, and any facility or support serv-
9 ice processing those bets or wagers are physically lo-
10 cated; and

11 “(6) with respect to class III gaming under the
12 Indian Gaming Regulatory Act, each such Tribal-
13 State compact expressly provides that the game may
14 be conducted using a communication facility to
15 transmit bets or wagers or information assisting in
16 the placing of bets or wagers.

17 “(e) Nothing in this section creates immunity from
18 criminal prosecution under any laws of any State or Tribe.

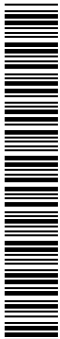
19 “(f) Nothing in this section shall be construed to pro-
20 hibit an activity allowed under Public Law 95–515 (15
21 U.S.C. 3001 et seq.).

22 “(g) Nothing in this section authorizes activity that
23 is prohibited under chapter 178 of title 28, United States
24 Code.



1 “(h) When any common carrier, subject to the juris-
2 diction of the Federal Communications Commission, is no-
3 tified in writing by a Federal, State, tribal or local law
4 enforcement agency, acting within its jurisdiction, that
5 any communication facility furnished by it is being used
6 or will be used by its subscriber for the purpose of trans-
7 mitting or receiving gambling information, in interstate or
8 foreign commerce, within the special maritime and terri-
9 torial jurisdiction of the United States, or to or from any
10 place outside the jurisdiction of any nation with respect
11 to any transmission to or from the United States in viola-
12 tion of Federal, State, tribal or local law, it shall dis-
13 continue or refuse, the leasing, furnishing, or maintaining
14 of such facility, after reasonable notice to the subscriber,
15 but no damages, penalty or forfeiture, civil or criminal,
16 shall be found against any common carrier for any act
17 done in compliance with any notice received from a law
18 enforcement agency. Nothing in this section shall be
19 deemed to prejudice the right of any person affected there-
20 by to secure an appropriate determination, as otherwise
21 provided by law, in a Federal court or in a State, tribal,
22 or local tribunal or agency, that such facility should not
23 be discontinued or removed, or should be restored.

24 “(i)(1) A Federal, State, tribal, or local law enforce-
25 ment agency, acting within its jurisdiction may, in a civil



1 action, obtain injunctive or declaratory relief to restrain
2 or prevent any person from paying or assisting in the pay-
3 ment of bets or wagers, or communicating information as-
4 sisting in the placing of bets or wagers, in interstate or
5 foreign commerce, within the special maritime and terri-
6 torial jurisdiction of the United States, or to or from any
7 place outside the jurisdiction of any nation with respect
8 to any transmission to or from the United States in viola-
9 tion of Federal, State, tribal, or local law.

10 “(2) No damages, penalty, or forfeiture, civil or
11 criminal, shall be found against any person or entity for
12 any act done in compliance with any notice received from
13 a law enforcement agency.

14 “(3) Relief granted under paragraph (1) against an
15 interactive computer service (as defined in section 230(f)
16 of the Communications Act of 1934) shall—

17 “(A) be limited to the removal of, or disabling
18 of access to, an online site violating this section, or
19 a hypertext link to an online site violating this sec-
20 tion, that resides on a computer server that such
21 service controls or operates; except this limitation
22 shall not apply if the service is violating this section
23 or is in active concert with a person who is violating
24 this section and receives actual notice of the relief;



1 “(B) be available only after notice to the inter-
2 active computer service and an opportunity for the
3 service to appear are provided;

4 “(C) not impose any obligation on an inter-
5 active computer service to monitor its service or to
6 affirmatively seek facts indicating activity violating
7 this section;

8 “(D) specify the interactive computer service to
9 which it applies; and

10 “(E) specifically identify the location of the on-
11 line site or hypertext link to be removed or access
12 to which is to be disabled.”.

13 **SEC. 4. AUTHORIZATION OF APPROPRIATIONS.**

14 In addition to any other sums authorized to be appro-
15 priated for this purpose, there are authorized to be appro-
16 priated for each of fiscal years 2007 through 2010
17 \$10,000,000 for investigations and prosecutions of viola-
18 tions of section 1084 of title 18, United States Code.

